

K. Chad Burgess
Director & Deputy General Counsel
Dominion Energy Southeast Services, Inc.

220 Operation Way, MC C222, Cayce, SC 29033
DominionEnergy.com



October 30, 2019

VIA ELECTRONIC FILING

Mr. David W. Stark, Esquire
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29211

RE: South Carolina Energy Freedom Act (H.3659) Proceeding to Establish Dominion Energy South Carolina, Inc.'s Standard Offer, Avoided Cost Methodologies, Form Contract Power Purchase Agreements, Commitment to Sell Forms, and Any Other Terms or Conditions Necessary (Includes Small Power Producers as Defined in 16 United States Code 796, as Amended) – S.C. Code Ann. Section 58-41-20(A) Docket No. 2019-184-E

Dear Mr. Stark:

During the hearing in the above-referenced docket, Commissioner Ervin stated that he was interested in knowing whether Dominion Energy South Carolina, Inc. ("DESC" or "Company") could add other utilities to its existing reserve sharing group as a way to increase the Company's reserve capacity. *See* Tr. p.263, line 23-p.264, line 1. Company Witness Hanzlik stated that he did not think DESC could add any more utilities to its reserve sharing group. *See* Tr. p.264, lines 5-13. Commission Ervin then asked whether the Company would be willing to check and provide a written response. *See* Tr. p.264, line 19-p.265, line 6. Please accept this letter as the Company's written response to Commissioner Ervin's request.¹

DESC is located the SERC East Subregion and is a member of the VACAR Reserve Sharing Group (RSG) along with Dominion Energy Virginia, Duke Energy Progress, Duke Energy Carolinas, and South Carolina Public Service Authority. On October 18, 2019, DESC made inquiry of Southern Company ("Southern"), who is a member of the SERC Southeast Subregion, to determine whether Southern had any interest in joining the VACAR RSG. On October 25, 2019, Southern informed DESC

¹ At the hearing, the Company's written response was not designated as a late-filed exhibit.

(Continued . . .)

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that it did not have any interest in joining the VACAR RSG. Attached to this letter is a copy of the email exchange between DESC and Southern.

If you have any questions, please advise.

Very truly yours,



K. Chad Burgess

KCB/kms
Enclosure

cc: All parties of record in Docket No. 2018-184-E
(all via electronic mail only)

From: XANTHAKOS, PANDELIS N (SCE&G - 7T)
Sent: Friday, October 25, 2019 12:39 PM
To: Collins, Adrienne
Subject: RE: Explore Reserve Group Changes

Adrienne,

Thank you for your response on my VACAR RSG question. As we continue to operation our respective systems, DESC also looks forward to working with Southern Company in a collaborative as you describe.

LX

Lee Xanthakos
 Dominion Energy South Carolina
 Vice President Electric Transmission

220 Operations Way, MC J50
 Cayce, SC 29033
 O: 803-217-1821 M: 803-331-3271



From: Collins, Adrienne <ACOLLINS@southernco.com>
Sent: Friday, October 25, 2019 12:06 PM
To: XANTHAKOS, PANDELIS N (SCE&G - 7T) <PXANTHAKOS@scana.com>
Cc: Collins, Adrienne <ACOLLINS@southernco.com>
Subject: RE: Explore Reserve Group Changes

***This is an EXTERNAL email from "Collins, Adrienne" (ACOLLINS@southernco.com). Please do not click on a link or open any attachments unless you are confident it is from a trusted source.

Lee,

Thank you for your outreach and question below concerning any Southern Company interest in the VACAR Reserve Sharing Group. Southern Company appreciates the ongoing collaborative relationship with Dominion Energy South Carolina and all of the South Carolina utilities. Based on a high level review of the technical aspects of the VACAR Reserve Sharing Group agreement, Southern Company believes that as currently arranged, its customers would not see improved reserve availability if it joined the VACAR Reserve Sharing Group. So we would not be interested in joining VACAR's Reserve Sharing Group at this time. However, Southern Company is interested in continuing conversations with Dominion Energy South Carolina to find other potential opportunities to coordinate to provide value to our customers.

-Adrienne

Adrienne Collins

SVP, Power Delivery
 600 North 18th Street
 Birmingham, AL 35203-2206
 Office 205.257-6244
 Mobile 404.202.8906



From: XANTHAKOS, PANDELIS N <PXANTHAKOS@scana.com>
Sent: Friday, October 18, 2019 11:03 AM
To: Collins, Adrienne <ACOLLINS@southernco.com>
Subject: Explore Reserve Group Changes

EXTERNAL MAIL: Caution Opening Links or Files

Good Morning Adrienne

During DESC testimony at a SC Public Service Commission meeting earlier this week, a Commissioner (Ervin) made a request of our System Control Room Manager (Hanzlik) that DESC explore whether or not Dominion could add other utilities as contributors to the VACAR Reserve Sharing Group as a way to increase reserve capacity. Commission Ervin specifically mentioned Southern Company, so I am contacting you to explore this possibility. I have attached an excerpt of the transcript with the pertinent sections highlighted for your information.

As you may know, DESC is a member of the VACAR Reserve Sharing Group. This group is made up of Santee Cooper, Duke Carolina, Duke Progress, Dominion Energy Virginia, and Dominion Energy South Carolina. It is enabled through Service Schedules attached to each of our companies bilateral Transmission Interconnections Agreements, and operationally executed through a multiparty procedure called the "Operating Manual for the VACAR Reserve Sharing Arrangement". Described simply, each RSG member carries a portion of agreed upon reserves and delivers those to other members upon request following a system emergency (a unit trip). Recovery costs are defined in the agreements.

The intent of this email is to gauge your interest as the Principle Signatory to the Transmission Interconnection Agreement between DESC and Southern Company in exploring the possibility of joining Southern Company with the VACAR RSG. If you are not interested in pursuing the matter, DESC will consider it closed and respond to the Commission accordingly. If however you would like to further explore, I would first need to engage the other VACAR RSG members to gauge their interest. We would then, depending on their responses, determine if we can continue to proceed with discussion or close the matter. In either case, DESC would inform the SC Commission accordingly.

I hope my email has been explanatory and that you have enough information to respond. If not, please feel free to call me directly to discuss.

LX

Lee Xanthakos
 Dominion Energy South Carolina
 Vice President Electric Transmission

220 Operations Way, MC J50